May 31, 2022

RE: Letter on behalf of Ted Fields

Dear Mr. Moderator and fellow Town Meeting Members,

On behalf of Ted Fields, a resident of Precinct #18, I respectfully submit his letter regarding Article #38.

Thank you!
Joe Solomon, Town Meeting Member, Precinct #16

Dear Town Moderator and Town Meeting Members,

Here are some numbers concerning housing affordability to put the discussion of Town Meeting Article 38 into another perspective. For reference, Article 38 permits two-family homes, as well as with one-family homes, to be built in the R0 and R1 zoning districts. Currently, only single-family homes can be built in R0 and R1 districts.

HUD estimates the median household income in the Boston area at $140,000 in 2022. Households earning this median income can afford a $565,000 home with a 20% downpayment and a 30 year mortgage. This shrinks to $500,000 with a 10% downpayment. "Middle income" households, earning 81-120% of median income ($111,000-$168,000), can afford homes between $425,000 and $675,000 with 20% down, and $400,000 and $600,000 with 10% down.

According to Redfin's statistics for the 02476 residential market (which is primarily covered by the R0 and R1 zoning districts), the median home sales price is about $1,250,000, which is affordable to a household earning $311,000 per year with 20% down. Redfin calculates the median condo price in 02476 at $817,000, which is affordable to households earning about $205,000 per year with the same downpayment. According to this data, passage of Article 38 would open up Arlington to more homebuyers earning around $200,000 per year, versus $310,000 per year. Meanwhile, existing homes under 2000 square feet generally sell for about $850,000 right now. That price is affordable to buyers earning $211,000 with 20% down and a 30-year loan. Without passage of Article 38, Arlington's housing market in R0/R1 districts is affordable only to upper middle income buyers (those earning about 150% of median income). It seems, at best, Article 38 would expand the pool of housing available to these upper middle income households.

Unfortunately, new construction costs more than existing homes. If newly built single family homes cost about $1,500,000 and new townhome/condo homes cost about $1,000,000, only households earning $250,000 to $375,000 can afford them. However, most existing new condos are significantly larger than the 1850 square foot maximum dwelling size required by Article 38. If condo's in Article 38 two-family homes sell for around $900,000 they would be affordable to households earning about $224,000 per year (160% of median income).

According to this data, tearing down an existing single family and replacing it with a new single family under Article 38, would yield that developer $1.5 million and provide one home to an upper income household earning $375,000. Replacing the same teardown with medium-sized condo's in a two-family home yields the developer $1.8 million and provides two homes to households earning nearly $225,000. To me, this is a good thing. I'd like my two children to have decent odds of being able to get decent jobs and live in Arlington if they chose to in the future. Article 38 increases these odds by increasing the region's housing stock, which will allow the supply of good jobs in life sciences and knowledge industries to keep expanding.

Article 38 is not designed to grow Arlington's housing stock affordable to low, moderate or middle income people (ie. those earning less than 150% of median income). The only way to increase the number of dwellings for these people is to subsidize the difference between market prices and what they can afford, which currently ranges between $300,000 - $600,000 per unit. This shortage of affordable low income housing is a national and statewide problem, requiring federal and state resources to tackle. Likewise, the Boston area is in a severe housing shortage, and no single community acting alone can solve this regional issue. However, working in concert, through measures like Article 38, communities in the metro area can start to expand their housing supply to the degree where eventually housing supply will be more in sync with demand.

I see Article 38 as a measure to keep Arlington from being more exclusive than it already is. Will it have impacts in terms of more cars, less yard space, etc. Yes it will, but I think the benefits outweigh these downsides. (Most new homes I see have smaller lawns - I've heard anecdotally yard space is not as attractive to younger homebuyers than it used to be).
For those concerned about residential density and property values, Somerville (31 people/acre) and Cambridge (29 people/acre) both have higher densities than Arlington (14 people/ sq. acre) with robust residential markets and home prices. Just some food for thought.

Sincerely yours,
Ted Fields

* Generally, using the State's affordable housing calculation metrics and current interest rates, a homebuyer with a 30-year mortgage paying 20% down can afford 4 times their income for a home. This drops to about 3.6 times for 10% down and 3.4 times with a 5% downpayment. I have attached a copy of my calculations with this letter.

Table 1

	Sales Price	Loan Amount	Annual Interest	Term	Mortgage Payment	Housing Payment	Income to Afford	Price/Income R
20% down	$2,000,000	$1,600,000	5.38%	360 months	$ 8,964.53	$ 12,451	$ 498,029.32	4.02
	$1,750,000	$1,400,000	5.38%	360 months	$ 7,843.96	$ 10,894	$ 435,775.66	4.02
	$1,500,000	$1,200,000	5.38%	360 months	$ 6,723.40	$ 9,338	$ 373,521.99	4.02
	$1,350,000	$1,080,000	5.38%	360 months	$ 6,051.06	$ 8,404	$ 336,169.79	4.02
	$1,250,000	$1,000,000	5.38%	360 months	$ 5,602.83	$ 7,782	$ 311,268.33	4.02
	$1,000,000	$800,000	5.38%	360 months	$ 4,482.26	$ 6,225	$ 249,014.66	4.02
	$900,000	$720,000	5.38%	360 months	$ 4,034.04	$ 5,603	$ 224,113.20	4.02
	$850,000	$680,000	5.38%	360 months	$ 3,809.92	$ 5,292	$ 211,662.46	4.02
	$800,000	$640,000	5.38%	360 months	$ 3,585.81	$ 4,980	$ 199,211.73	4.02
	$700,000	$560,000	5.38%	360 months	$ 3,137.58	$ 4,358	$ 174,310.26	4.02
	$600,000	$480,000	5.38%	360 months	$ 2,689.36	$ 3,735	$ 149,408.80	4.02
Median Income, '22	$565,000	$452,000	5.38%	360 months	$ 2,532.48	$ 3,517	$ 140,693.28	4.02
	$500,000	$400,000	5.38%	360 months	$ 2,241.13	$ 3,113	$ 124,507.33	4.02
	$400,000	$320,000	5.38%	360 months	$ 1,792.91	$ 2,490	$ 99,605.86	4.02
	$300,000	$240,000	5.38%	360 months	$ 1,344.68	$ 1,868	$ 74,704.40	4.02
10% down	$2,000,000	$1,800,000	5.38%	360 months	$ 10,085.09	$ 14,007	$ 560,282.99	3.57
	$1,850,000	$1,665,000	5.38%	360 months	$ 9,328.71	$ 12,957	$ 518,261.76	3.57
	$1,750,000	$1,575,000	5.38%	360 months	$ 8,824.46	$ 12,256	$ 490,247.62	3.57
	$1,600,000	$1,440,000	5.38%	360 months	$ 8,068.08	$ 11,206	$ 448,226.39	3.57
	$1,500,000	$1,350,000	5.38%	360 months	$ 7,563.82	$ 10,505	$ 420,212.24	3.57
	$1,350,000	$1,215,000	5.38%	360 months	$ 6,807.44	$ 9,455	$ 378,191.02	3.57
	$1,250,000	$1,125,000	5.38%	360 months	$ 6,303.18	$ 8,754	$ 350,176.87	3.57
	$1,000,000	$900,000	5.38%	360 months	$ 5,042.55	$ 7,004	$ 280,141.49	3.57
	$900,000	$810,000	5.38%	360 months	$ 4,538.29	$ 6,303	$ 252,127.34	3.57
	$850,000	$765,000	5.38%	360 months	$ 4,286.16	$ 5,953	$ 238,120.27	3.57
	$800,000	$720,000	5.38%	360 months	$ 4,034.04	$ 5,603	$ 224,113.20	3.57
	$700,000	$630,000	5.38%	360 months	$ 3,529.78	$ 4,902	$ 196,099.05	3.57
	$600,000	$540,000	5.38%	360 months	$ 3,025.53	$ 4,202	$ 168,084.90	3.57
Median Income, '22	$500,000	$450,000	5.38%	360 months	$ 2,521.27	$ 3,502	$ 140,070.75	3.57
	$400,000	$360,000	5.38%	360 months	$ 2,017.02	$ 2,801	$ 112,056.60	3.57
	$300,000	$270,000	5.38%	360 months	$ 1,512.76	$ 2,101	$ 84,042.45	3.57
5% down	$2,000,000	$1,900,000	5.38%	360 months	$ 10,645.38	$ 14,785	$ 591,409.82	3.38
	$1,750,000	$1,662,500	5.38%	360 months	$ 9,314.70	$ 12,937	$ 517,483.59	3.38
	$1,500,000	$1,425,000	5.38%	360 months	$ 7,984.03	$ 11,089	$ 443,557.37	3.38
	$1,250,000	$1,187,500	5.38%	360 months	$ 6,653.36	$ 9,241	$ 369,631.14	3.38
	$1,100,000	$1,045,000	5.38%	360 months	$ 5,854.96	$ 8,132	$ 325,275.40	3.38
	$1,000,000	$950,000	5.38%	360 months	$ 5,322.69	$ 7,393	$ 295,704.91	3.38
	$900,000	$855,000	5.38%	360 months	$ 4,790.42	$ 6,653	$ 266,134.42	3.38
	$850,000	$807,500	5.38%	360 months	$ 4,524.29	$ 6,284	$ 251,349.17	3.38
	$800,000	$760,000	5.38%	360 months	$ 4,258.15	$ 5,914	$ 236,563.93	3.38
	$700,000	$665,000	5.38%	360 months	$ 3,725.88	$ 5,175	$ 206,993.44	3.38
	$600,000	$570,000	5.38%	360 months	$ 3,193.61	$ 4,436	$ 177,422.95	3.38
	$500,000	$475,000	5.38%	360 months	$ 2,661.34	$ 3,696	$ 147,852.46	3.38
Median Income, '22	$475,000	$451,250	5.38%	360 months	$ 2,528.28	$ 3,511	$ 140,459.83	3.38
	$400,000	$380,000	5.38%	360 months	$ 2,129.08	$ 2,957	$ 118,281.96	3.38
	$300,000	$285,000	5.38%	360 months	$ 1,596.81	$ 2,218	$ 88,711.47	3.38
	$200,000	$190,000	5.38%	360 months	$ 1,064.54	$ 1,479	$ 59,140.98	3.38
	$100,000	$95,000	5.38%	360 months	$ 532.27	$ 739	$ 29,570.49	3.38